AMO REPORTS 85-4

REPORT OF THE AMO JOINT COMMITTEE ON SEWER AND WATER SERVICES

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
MARCH 1985

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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total intergovernmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some six hundred (600) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections:

* County and Regional Section
* Large Urban Section
* Northern Ontario Section (FONOM/NOMA)
* Rural (ROMA) Section
* Organization of Small Urban Municipalities Section

Association Affiliates:

* Association of Municipal Clerks and Treasurers of Ontario
* Association of Municipal Tax Collectors of Ontario
* Municipal Engineers Association
* Ontario Municipal Administrators Association
* Ontario Municipal Personnel Association
* Ontario Municipal Social Services Association
* Society of Directors of Municipal Recreation of Ontario

To the Municipal Clerk:

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AMO Report 85-4 was submitted to the Honourable Larry Grossman, Treasurer of Ontario, the Honourable Morley Kells, Minister of the Environment and to the Honourable Dennis Timbrell, Minister of Municipal Affairs and Housing on March 20, 1985.

BACKGROUND

In his remarks to the 1983 Annual Meeting of the County and Regional Section of AMO in Sarnia, the former Minister of the Environment, the Honourable Andrew Brandt, requested comment from the Association regarding a possible new policy for financing sewer and water services to rural and small urban municipalities of the province. At that time, the Minister indicated his growing awareness and concern for the problems associated with septic and well-water systems which are currently in use throughout Ontario.

The Minister expressed the provinces' intent to work towards promoting underground services for small towns in Ontario. It was felt that current subsidy rates were inadequate to fully meet this goal. Yet at the same time, the Minister also indicated that there would not be an additional increase of funds made available to finance the delivery of such services in the foreseeable future.

Nevertheless, the Minister had requested input from AMO in attempting to reshape, redesign and rationalize a policy which can better provide sewer and water works systems to smaller municipalities at a feasible cost.

In January 1984, the County and Regional Section Executive Committee agreed to include this issue as part of its "workplan" for the coming year. Interested Section Executive Committees--Rural (ROMA) and Small Urban (OSUM)--accepted an invitation to participate in the work of the Committee; the Municipal Engineers Association, an affiliated association of AMO, also agreed to participate and provide input into the problems of sewer and water funding.

MINISTRY OF THE ENVIRONMENT (MOE) PROGRAMS

The first task of the Joint Committee on Sewer and Water Funding was to examine and review the existing funding programs available to municipalities in the hope of developing a set of recommendations which would improve the overall effectiveness of these programs now in operation.

The water and sewer service programs of the Ministry of the Environment are primarily aimed at assisting the construction of communal water and sanitary sewage works and the repair or renewal of private water and sewage systems. The actual number of projects assisted annually is limited however, and depends on the amount of funds made available to the ministry in the budgetary process. Projects which are selected to receive a grant are chosen by means of the provincial government's MBR (Manage-

ment By Results) assessment system. The Ministry of the Environment operates three funding programs available to small urban and rural municipalities.

i) 15 Percent Grants for Major Works

All municipalities can apply for a grant towards the capital cost of major components of communal water and sewage works. Priority is given to works which service an area encompassing more than one municipality, and which provide for an increased supply of serviced lots in growth areas.

Grants are equal to 15 percent of capital costs after deduction of federal or other grants. Payment is made following contract awarding calculated on the project's costs minus 10 percent holdback. Final payment is made against audited final costs.

ii) Grants and Loans to Small Municipalities for High Cost Projects

Small municipalities of population less than 7,500 can apply for grants to assist the construction of new communal water and sewage works to service existing communities. Priority is given to projects according to their contribution to health and environmental benefits and the servicing of urban growth in the MBR assessment process.

Grants are calculated after deduction of federal or other grants. Such assistance enables municipal costs to be limited to $1,200 and $1,500 per connection, for water and sewage respectively, subject to a maximum of 75 percent of net project cost. Payments are made on a quarterly basis against projected expenditures minus a 10 percent holdback. Final payments are made against audited final costs.

Loans up to a 30 year term at the provincial interest rate may be made available to municipalities unable to gain easy access to commercial funds.

iii) Grants for the Repair or Renewal of Private Water and Sewage Systems

The grant is available to benefit small communities currently serviced by private water and sewage systems where health and environmental problems persist. In most cases, the area considered would have insufficient potential for growth to warrant constructing a communal system in the future.

The ministry gives priority to private projects which contribute substantial health and environmental benefits to communities according to its MBR ranking.

Where the grant request is accepted, the ministry will retain a consulting engineer to prepare a report identifying the problems and proposing alternative solutions. Grants equal 100 percent of the costs of producing the report, and 75 percent of the costs of implementing the solution.

OTHER PROGRAMS

i) Ontario Neighbourhood Improvement Program

The Ontario Neighbourhood Improvement Program (ONIP) is designed to assist municipalities in the revitalization of older residential neighbourhoods by providing grants for improvements to municipal services and community facilities. Eligible costs under the program include the construction of new sewer and water mains and/or laterals; repair of existing sewer and water mains; and the abandonment of sewer and water mains.

Approximately 20 percent of assistance under ONIP is designated for the provision of "soft services" such as parks and recreational facilities designed to increase the quality of life in residential communities.

ii) Absence of Federal Programs

The Association draws special attention to the relative absence of federal grant monies available to municipalities for infrastructural improvements since the demise of the Community Services Contribution Program (CSCP) in 1980. Since that time, the only available federal assistance has come from the Canada-Ontario Agreement Sewage Program (COAST) directed to municipalities in the Great Lakes region (note - COAST may be discontinued). The Association, therefore, recommends:

1. that the provincial government continue to seek additional federal funding for municipal infrastructure improvements, and that it request the new federal government to restore the Community Services Contribution Program or establish a similar program which provided badly needed funding to small urban and rural municipalities throughout Ontario.

MINISTRY PROGRAM CRITERIA AND PROCEDURES FOR FUNDING

Association discussions with staff from the Ministry of the Environment concentrated on the two programs which most interest small urban and rural municipalities owning sewer and water facilities: the 15 percent

grants for capital works, and the up to 75 percent loan/grant program for municipalities of 7,500 or less population for "high-cost" projects. The population restriction of 7,500 or less under the grant/loan program was of particular concern to members of the AMO Joint Committee.

The Association has maintained that the restriction of 7,500 or less population under the grant/loan program created difficulties for many municipalities seeking to provide sewer and water services. It was noted that rural areas within regional municipalities were ineligible to utilize the funds available through the ministry program. As a result, it has become costly for regional municipalities to provide the necessary infrastructure in smaller communities within their geographic areas. AMO is pleased that the ministry has responded to these concerns in its announcement of changes to the grants program (see pages 7 - 8 in this report).

THE MANAGEMENT BY RESULTS (MBR) COMMITTEE

Municipal applications for assistance under the ministry's grant/loan programs are reviewed by the province's Management By Results (MBR) Committee. The MBR Committee, which reviews the municipal application, is comprised of 6 ministry staff (3 from Toronto and 3 from district offices), 2 Ministry of Northern Affairs staff, and one individual from the Ministry of Municipal Affairs and Housing Official Plan Section. The Ministry of Municipal Affairs and Housing staff person provides the MBR Committee with advice with respect to the development prospects of the individual municipality.

MBR Criteria

Applications are scored based on established criteria such as the prevalence of health hazards, environmental protection concerns, growth potential, and community enhancement. Each criteria is weighted, with health receiving the highest value and community enhancement, the least. The Association was informed that under special circumstances, the weighting can be altered such as to give higher priority to "growth" as has recently been the case in a number of examples.

Eligibility

The decision of the MBR Committee regarding project eligibility is transmitted to the municipality as soon as possible, normally prior to October of the fiscal year in the form of a tentative letter of acceptance. The MBR Committee, however, does not establish the level of funding for an indi-

vidual project - - only its eligibility. To be deemed eligible, a municipality must score well on the MBR Project Grading Questionnaire.

Number of Applicants

The Association has been advised that the ministry receives approximately 150-200 applications for assistance each year and approximately 100 receive financial assistance. The list of eligible municipalities submitted to the ministry is all inclusive, in that an arbitrary line is drawn which separates eligible and ineligible projects for consideration. Since municipalities are not always able to financially fulfill their commitments for projects and, therefore, do not always take advantage of the availability of provincial dollars, those municipalities falling below the criteria line may be given priority to receive assistance at a later date.

FUNDING

The ministry has advised AMO that in the 1984-85 fiscal year, approximately $40 million was available for sewer and water projects to be distributed throughout the province. The ministry provided statistics for review indicating trends under the high-cost grant (up to 75 percent of capital costs this fiscal year) program. (see Table 1)

The Association, through its Joint Committee on Sewer and Water Services, has reviewed the present cost-sharing formula and the funding trends of sewer and water projects for smaller municipalities (those with a population of 7,500 or less). This analysis by the Association has been undertaken in recognition of AMO's long-standing position with respect to the deconditionalization of grants.

The Association continues to seek grant reform and deconditionalization from the Government of Ontario. Until such time as progress is made in this regard, AMO must continue to seek improvements to the various conditional grant programs, sewer and water included, which provide the needed financial assistance to municipalities across Ontario.

TABLE 1

HIGH COST GRANTS UP TO 75% OF CAPITAL COSTS FOR MUNICIPALITIES OF 7,500 OR LESS POPULATION

Year	Gross Cost ($millions)	Percent (Provincial)	Provincial Grant
1980-81	65.3	50	32.8
1981-82	127.0	66	84.3
1982-83	37.1	61	22.6
1983-84	97.1	62	60.3

(note: figures for the fiscal year 1981-82 represent an additional $30 million on a one-time basis which the province has written off)

Funding Formula

The funding formula used by the ministry to distribute assistance to municipalities, whose projects have met with the MBR Committee's criteria, is as follows:

Number of service units X $1,200 per water connection

X $1,500 per sewage connection

= Municipal Share

Gross cost - Municipal Share = Provincial Share

If, for example, 50 units at $1,200 per water connection were calculated, the cost to the municipality would equal $60,000. If the total cost of the project equals $100,000, then the provincial share of the costs would total $40,000 ($100,000 - $60,000 = $40,000). For a $100,000 water project, the municipality would pay 60 percent of the total cost, and the provincial government would contribute 40 percent of the total cost.

Municipal Cost Calculations

The following items have been classified as eligible costs to a municipality in calculating gross project costs for submission to the ministry:

- the costs of land related to freehold costs but not easements and construction

- 12 percent of the construction costs are allowed for engineering services

- miscellaneous costs can include such items as legal and other costs. Financing costs are not included. Per unit cost projections include connection to the lot line.

The ministry has advised AMO that the per unit costs for sewer and water connections (listed above) have not changed significantly since 1978, when the program was initiated. The rationale for this was that by deliberately keeping the per unit costs lower than might actually be the case, the formula reduces the municipal portion of the funding formula. Since the municipal contribution is assessed by multiplying the number of connections by the arbitrary per unit cost, the greater the arbitrary figure, the larger the municipal contribution will be to complete the project.

MINISTRY CHANGES TO SEWER AND WATER GRANTS PROGRAM, NOVEMBER 1984

On November 19, 1984, the Minister of the Environment, the Honourable Andrew Brandt, announced to the Legislature changes to the Ministry of the Environment's grant program for sewer and water services for small urban and rural municipalities effective April 1, 1985.

Upon consideration of the Minister's announcement, the Association notes that there was no mention from the Minister of an increase in the level of funding available to finance sewer and water works projects throughout the province. The ministry's announced changes to the grants structure will result in fewer projects being constructed per year if there is not an increase in the amount of funding made available to municipalities in the next fiscal year. This fact notwithstanding, AMO supports the general thrust of the Minister's announcement and notes that the ministry has addressed many of the concerns, as noted below, which had surfaced through the work of this committee:

. Provincial financial assistance for the construction of sewer and water systems in communities of fewer than 1000 people will be increased to a maximum of 85 percent. As the Minister stated in his address to the Legislature, many smaller municipalities have been unable to afford adequate sewer and water systems even with the availability of 75 percent financial assistance from the province. The committee welcomes the additional 10 percent maximum assistance, but notes that without additional funding increases, the result will be a reduction in the number of projects constructed on an annual basis.

. Provincial financial assistance for the construction of water and sewer works systems in communities within regional governments will be greatly increased. Ministry of the Environment grants will be increased to a maximum of 60 percent, conditional upon the regional government assuming 25 percent of the cost of the project. Individual communities or area municipalities would be responsible for the remaining costs. Grants at lower levels would be in proportion. The committee supports this change which addresses the concern that hamlets etc. within larger municipalities be treated by the ministry the same as all other small urban and rural municipalities of 7,500 population or less. This change should make the construction of adequate sewer and water systems more affordable for many communities which have been unable to finance projects in the past with only 15 percent provincial financial assistance. The Association suggests that regional governments must pay their fair share, and that the conditions set by the province for funding eligibility are reasonable.

. The ministry is introducing a new grant program to assist the construction of water pipeline extensions in rural areas. In a number of areas, people have difficulty obtaining quality drinking water because of local groundwater problems. For many, there is no alternative but to construct private wells or truck-in water to the home. The ministry is now offering a 25 percent funding grant to approved municipalities with demonstrated poor quality water where suitable wells are unavailable. The Association recognizes that this problem is particularly acute in Kent, Lambton and Essex Counties and notes that the ministry is addressing a most serious problem which exists to some extent throughout much of Ontario. The Association is most supportive and encouraged by this new program.

. The Ministry of the Environment will now contribute towards the cost of engineering studies and final design based on the condition that the ministry participate in the preparation of the terms of reference and approves the final report. The ministry stipulates that the grant is applicable to direct grant projects only, rural water pipeline extensions are excluded. AMO supports this change and believes that increased cost effectiveness can be attained as a result.

The Association stresses that while encouraged by the changes announced by the Minister, unless the level of funding is increased, project conuction will decrease, thereby offsetting many of the benefits to be gained from the policy review.

Many items of great importance in the view of AMO were omitted by the ministry in its review. The Minister has indicated that the ministry is most anxious to review the findings of the Association since it was largely at his request that the Joint Section Committee was formed. As a result, the Association presents for consideration a number of recommendations intended to promote a more effective, efficient and economical way of delivering sewer and water services to small urban and rural municipalities.

THE DELIVERY OF SEWER AND WATER SERVICES

Options concerning the ownership of sewer or water plants are no longer available since the provincial government assumed a policy of not building such projects. Over the past two years, the province has approved only 2 projects. Smaller municipalities, however, still have had the option of "contracting" with the ministry for administration and engineering services for their plants.

Municipal sewer and water plants which are now fully operational have helped to illustrate some of the problems which are present and not addressed by current programs and ministry practice.

Several problems have been identified including (1) the inaccuracies of ministry operating cost projections; (2) the lack of a reserve fund for extraordinary expenditures; and (3) the poor level of communication amongst local, field, and ministry officials and an apparent need for greater coordination of activity.

Many problems have developed largely because municipal councils have not had control or input in the construction and operation of sewer and water plants. AMO is convinced that greater accountability is needed between ministry staff who operate sewer and water plants and elected municipal councils.

ACCOUNTABILITY

Operating budgets for sewer and water facilities under the Ministry of the Environment concept system were not subject to annual approval by muni-

cipal councils. Operating budgets were submitted for information purposes and ministry conducted reviews caused adjustments to take place every five years. Bill 51, An Act to Amend the Ontario Water Resources Act (November 9, 1983), has helped solve this problem.

With the passage of Bill 51, annual charges are now calculated by forecasting the operating charges, debt charges and deficit charges. The ministry notifies municipalities of these annual charges December 1 and then proceeds to bill, on a monthly basis, beginning in January.

AMO does not accept four weeks as a reasonable period of lead-in for approving a budget. More time is required so that municipal council can scrutinize and provide necessary input into the process. Water and sewer plant operating budgets should be examined by municipal auditors to maximize operating efficiency. Therefore, AMO recommends:

2. that annual operating budgets for existing projects be submitted for council approval no later than October 1 of each year to allow proper time for examination and approval.

An examination of individual case studies has uncovered an obvious difficulty, related to the use of ministry projections, concerning population growth and future usage. The municipalities of Erieau, Erie Beach, Harwich and Raleigh in the County of Kent have had problems with the ministry concerning water rates, largely because of the lack of municipal control and input in the design phase and construction of major works.

The Association has examined a number of cases where inaccurate projections of population and usage have resulted in increased costs and inefficiencies which are being borne by the municipal ratepayer. As a result, AMO recommends:

3. that projections of population growth and future usage be consistent with the municipality's Official Plan, (or for those municipalities without an Official Plan, consistent with data recognized as valid by the municipality) and that such projections be approved by municipal council.

It is important that, from the design phase of a project to its operation, that ultimate responsibility rest with municipal council. Therefore, AMO recommends:

4. that engineers and contractors be hired by municipalities responsible for sewer and water projects and that the municipal council approve the final design and construction costs before final pro-

ject approval. Municipal council, therefore, retains the right to cancel final project approval until all project tenders have been accepted by council.

TENDERING

It is apparent to this committee that all project tenders must be submitted to council for approval and that no project proceed until all tenders have been approved by municipal council. Therefore, AMO recommends:

5. that where a sewer or water project consists of more than one major component, (eg. mains, plant, pumping station etc.) all tenders for such projects shall be submitted simultaneously for approval by municipal council.

DEFICIT FINANCING AND ACCUMULATING DEFICITS

At the present time, nearly 200 municipalities across Ontario are financing sewer and water projects using deficit financing. In total, the number of projects which are deficit financed exceeds 300. Very few operate under a surplus. The greatest problem identified throughout the Association's investigation was the burden which accumulating deficits are placing upon municipalities.

Accumulating operating deficits continue to demonstrate the urgent need to improve the accountability between plant and municipal council. Ministry operated sewer and water plants are simply not accountable to municipalities under the current operating structure. The Association strongly maintains that rising accumulating operating deficits, primarily at ministry operated plants, are caused by poor management, inadequate planning and a lack of due regard for economy and efficiency.

AMO has examined, for example, the sewage works system in the Town of Southampton. Operated by the Ministry of the Environment since 1974, the plant services approximately 1100 households or 70% of the town's population. The annual charge to the town was originally based on a rate per gallon treated. This rate, calculated by the ministry, was intended to cover the costs of operating the plant as well as the debt charges of approximately $74,000 per year on a 40 year debenture for a capital debt of $881,686. Over time, rates have adjusted upward. In 1974, the rate was 68.90 cents per 1000 gallons. By 1977, a deficit of $278,800 had accumulated and the rate had increased to 74.53 cents. Both the deficit and the rate per gallon treated continued to increase. Munici-

pal council only became concerned in 1979 when the accumulated deficit first appeared on the financial statements. Today, after ten years of operation, Southampton's original indebtedness has increased from $881,868 to $1,478,320.

Southampton's problem, while acute, is not unique to Ontario municipalities with ministry operated facilities. The ministry has, in part, responded with the changes made through the passage of Bill 51. The real problem remains for those municipalities which do not have the fiscal capacity to cope with huge deficits for sewer and water plants. The Association believes that extraordinary measures are required to address this problem.

Table 2, on pages 17 & 18, indicates the severity of the problem associated with accumulating operating deficits for sewer and water plants. As of 1983, the relationship between accumulated deficits and total capital obligations shows that municipalities now have accumulated operating deficits equal to 28.29 percent of total capital obligations. Simply stated, sewer and water operating deficits have added an additional 28 percent to the municipal debt load for sewer and water services.

A great deal has already been stated concerning the lack of a sufficient accountability relationship between ministry operated plants and municipal councils. The bulk of the massive accumulated operating deficits for sewer and water plants for small urban and rural municipalities was $22,133,881 in 1983 (see Table 2). The bulk of this debt has been derived from sewer and water plants operated by the Ministry of the Environment (see Table 3 on pages 19 to 23). Legislative changes (Bill 51) have somewhat eased concern that such mismanagement will not continue. Municipalities, despite attempts to ensure that accumulated operating deficits not continue, are faced with coping with a debt load which is beyond their fiscal capacity.

The Association has undertaken a review of long term debt liabilities for small urban and rural towns and villages in Ontario. Table 4 on pages 24 to 29 lists the long term liabilities per household less any amount for tile drainage/shoreline assistance, electricity, gas and telephone. Approximately 162 municipalities report long term debt per household. The figures represent 119 villages and 93 towns. The range of debt per household reaches a high of $1,872/HH to a low of $11.00/HH. The average debt per household for the municipalities listed is $413.50/HH.

PROVINCIAL DEBT RELIEF

Municipalities, unable to finance the massive debt requirements, must be given financial relief from Queen's Park. The Association maintains that

municipalities must assume a fair share of the accumulated operating deficits amassed by ministry operated sewer and water plants. Assuming total responsibility for this debt is beyond the fiscal capacity of many municipalities. Some provincial debt relief is essential if municipalities are to meet their outstanding capital obligations and manage their long term liabilities. The Association recommends that the province consider bailing-out or writing-off a substantial amount of this debt which is beyond the capacity of municipalities to manage. Specifically, AMO recommends:

6. that the Province of Ontario "write off" a minimum of 25 percent of the municipal operating debt for the Ministry of the Environment operated sewer and water plants developed under the concept plan, and that any amount of "write-off" that exceeds 25 percent be based on a consideration of the municipality's fiscal capacity to assume debt, such capacity to be determined in a manner consistent with Ontario Municipal Board procedures.

OWNERSHIP AND OPERATION OF MUNICIPAL SEWER AND WATER SYSTEMS

Municipalities should be given the opportunity to assume full control of sewer and water plants. Municipality owned and operated systems can be held accountable to municipal council and can be brought in line with other budgeted services. The Association believes that municipalities should be given the option of managing and operating facilities on a province wide basis, as they now do in many municipalities throughout the province. Therefore, AMO recommends:

7. that the Ministry of the Environment withdraw, if requested by the municipality responsible, from operating sewer and water services in the municipality, and that such services be the responsibility of the municipal corporation(s) with the legislative responsibility for such services.

The Association acknowledges the efforts and accomplishments of the Ministry of the Environment to promote the highest level of sewer and water service for residents of this province.

The Ministry of the Environment must continue to function as a monitor of service standards and safety requirements throughout the province. The ministry can serve as a "watch dog" over municipalities through regular inspection of municipal plants. In this way, sewer and water plants can be environmentally safe and, at the same time, effectively managed to continue service excellence throughout Ontario for years to come.

CONCLUSION

The Association of Municipalities of Ontario believes that, if implemented, the recommendations will lead to a more efficient, economical, and environmentally safe system for providing sewer and water service to Ontario residents. Changes are required to redress the problems identified through the course of this document.

Municipalities are prepared to assume full responsibility for sewer and water projects now operated by the Ministry of the Environment. The ministry can provide an essential regulatory service to maintain the high standards established in Ontario.

Effective management demands that plants be held accountable for their managing of resources. AMO has outlined many concerns, and recommended action which is designed to meet future needs. We trust that the Minister of the Environment will give careful consideration to the many recommendations offered in this report.

SUMMARY OF RECOMMENDATIONS

With regard to the Minister's announced changes to the grants programs for sewer and water services for small urban and rural municipalities in November 1984, the Association:

- supports the general thrust of the Minister's announcement and notes that the ministry has addressed many of the concerns which had surfaced through the work of the Association's Committee on Sewer and Water Services.

- stresses that, while encouraged by the changes announced by the Minister, unless the level of funding is increased, project construction will decrease, thereby offsetting many of the benefits to be gained from the policy review.

In addition, the Association of Municipalities of Ontario recommends:

1. that the provincial government continue to seek additional federal funding for municipal infrastructure improvements, and that it request the new federal government to restore the Community Services Contribution Program or establish a similar program which provided badly needed funding to small urban and rural municipalities throughout Ontario.

2. that annual operating budgets for existing projects be submitted for council approval no later than October 1 of each year to allow proper time for examination and approval.

3. that projections of population growth and future usage for sewer and water projects be consistent with the municipality's Official Plan (or for those municipalities without an Official Plan consistent with data recognized as valid by the municipality) and that such projections be approved by municipal council.

4. that engineers and contractors be hired by municipalities responsible for sewer and water projects, and that the municipal council approve the final design and construction costs for sewer and water projects before final project approval. Municipal council, therefore, retains the right to cancel final project approval until all project tenders have been accepted by council.

5. that where a sewer or water project consists of more than one major component, (eg. mains, plant, pumping station etc.) all

tenders for such projects shall be submitted simultaneously for approval by municipal council.

6. that the Province of Ontario "write off" a minimum of 25 percent of the municipal operating debt for the Ministry of the Environment operated sewer and water plants developed under the concept plan, and that any amount of the "write-off" which exceeds 25 percent be based on a consideration of the municipality's fiscal capacity to assume debt, such capacity to be determined in a manner consistent with Ontario Municipal Board procedures.

7. that the Ministry of the Environment withdraw, if requested by the municipality responsible, from operating sewer and water services in municipalities, and that such services be the responsibility of the municipal corporation(s) with the legislative responsibility for such services.

TABLE 2

ACCUMULATED DEFICITS FOR SEWER AND WATER PLANTS FOR MUNICIPALITIES OF 7,500 OR LESS POPULATION

Affected Municipalities of 7,500 or less Population (#)	WATER		SEWER	
	Accumulated Deficit (Surplus)*	Accumulated Deficit-Shared Project (Surplus)*	Accumulated Deficit (Surplus)*	Accululated Deficit Shared Project (Surplus)*
Niagara R. (0)				
Waterloo R. (1)	44,679		42,155	
Ottawa-Carl.R. (0)				
Sudbury R. (0)				
Algoma D. (4)	13,620*		398,923	
Cochrane D. (6)	553,539		1,217,284	
Kenora D. (4)	133,434		398,204	
Manitoulin D. (1)	20,110		16,147*	
Nipissing D. (3)	272,135		357,447	
Parry Sound D. (3)	60,958		3,565	
Rainy River D. (3)	165,073		1,955*	
Sudbury D. (5)	454,008		79,683	
Thunder Bay D. (5)	290,525	16,664	454,202	120,392
Timiskaming D. (3)	271,709		221,766	8,244*
Brant C. (2)			89,445	
Bruce C. (4)		1,023,551		
Dufferin C. (1)			313,561	
Elgin C. (10)	51,000	426,000	266,243	
Essex C. (11)	3,000	1,238,915	174,731	150,979
Frontenac C. (0)				
Grey C. (4)	124,465		680,771	
Haliburton C. (2)			357,646	
Hastings C. (4)	536,832		757,613	
Huron C. (6)	17,000	15,000	67,328	
Kent C. (8)	134,551	557,000	1,007,837	2,000
Lambton C. (12)	12,548	524,431	533,196	
Lanark C. (2)			219,870	
Leeds and Grenville C. (3)	54,752		437,566	

Continued

TABLE 2 CONTINUED

ACCUMULATED DEFICITS FOR SEWER AND WATER PLANTS
FOR MUNICIPALITIES OF 7,500 OR LESS POPULATION

	WATER		SEWER	
Affected Municipalities of 7,500 or less Population (#)	Accumulated Deficit (Surplus)*	Accumulated Deficit-Shared Project (Surplus)*	Accumulated Deficit (Surplus)*	Accululated Deficit Shared Project (Surplus)*
Lennox and Addington C. (1)			30,455	
Middlesex C. (11)	489,006	100,000	170,283	
Northumberland C. (1)				453,074
Oxford C. (1)	33,891		82,588	
Perth C. (1)			250,571	
Peterborough C. (3)	21,517*		384,021	
Prescott and Russell C. (7)	645,809		550,913	
Prince Edward C. (0)				
Renfrew C. (5)	140,591		499,914	113,040
Simcoe C. (8)	847,997		1,019,152	396,000
Stormont, Dundas and Glengarry C. (4)	163,255		141,099	
Victoria C. (2)	50,777		31,863	
Wellington C. (3)	125,984		120,795	
Total (154)	5,662,491	2,878,010	12,366,139	1,227,241

SOURCE: Ontario Municipal Analysis and Retrieval System (MARS), 1983 Financial Information Returns.

TABLE 3

NET DEBT PER HOUSEHOLD FOR MUNICIPALITIES (VILLAGES & TOWNS) 7,500 OR LESS POPULATION

Municipality	MOE projects accumulated surplus or deficit per household	MOE provincial outstanding capital obligations per household
County of Bruce		
Southampton T.	-368	512
Mildmay V	-479	286
Paisley V.	-509	435
Tara V.	-115	306
County of Dufferin		
Grand Valley V.	-688	662
County of Elgin		
Belmont V.	-14	623
Dutton V.	98	1007
Port Burwell V.	-80	302
Port Stanley V.	-252	802
Rodney V.	-120	801
Vienna V.	-163	766
West Lorne V.	47	646
County of Essex		
Belle River T.	278	689
Harrow T.	-82	861
St. Clair Beach V.	-360	620
County of Grey		
Meaford T.	-355	600
Thornbury T.	-116	1241
Dundalk V.	6	705
Neustadt V.	-302	901
County of Hastings		
Deseronto T.	-849	1436
Frankford V.	-743	1338
Madoc V.	-37	385
Marmora V.	-275	908

Cont./

TABLE 3 CONTINUED

Municipality	MOE projects accumulated surplus or deficit per household	MOE provincial outstanding capital obligations per household
County of Huron		
Seaforth T.	146	906
Blyth V.	-183	125
Brussels V.	-303	567
Zurich V.	-20	966
County of Kent		
Dresden T.	-582	1091
Ridgetown T.	-261	675
Thamesville V.	-524	1940
County of Lambton		
Forest T.	-8	720
Petrolia T.	-255	475
Arkona V.	-54	482
Grand Bend V.	-58	1131
Oil Springs V.	-4	896
Thedford V.	71	350
Watford V.	83	1049
Wyoming V.	-314	297
County of Lanark		
Almonte T.	-161	259
Carleton Place T.	-1	292
United Counties of Leeds & Grenville		
Prescott ST.	-184	548
Westport V.	-320	1759
County of Lennox & Addington		
Bath V.	-80	817
County of Middlesex		
Parkhill T.	-649	1696
Ailsa Craig V.	-137	821
Glencoe V.	-13	656
Lucan V.	-33	506

TABLE 3 CONTINUED

Municipality	MOE projects accumulated surplus or deficit per household	MOE provincial outstanding capital obligations per household
County of Perth		
St. Marys ST.	-132	644
County of Peterborough		
Havelock V.	-145	791
Norwood V.	-587	745
Millbrook V.	67	702
United Counties of Prescott & Russell		
Rockland T.	-319	1988
Vankleek Hill T.	-91	848
Casselman V.	-561	1554
L'Orignal V.	-124	1317
Plantagenet V.	-349	3409
St. Isidore De Prescott V.	-404	578
County of Renfrew		
Barry's Bay V.	-530	1092
Chalk River V.	-678	894
Killaloe Station V.	-662	601
Petawawa V.	24	682
County of Simcoe		
Bradford T.	-319	330
Stayner T.	-209	916
Beeton V.	59	259
Coldwater V.	-141	426
Port McNicoll V.	-17	334
Victoria Harbour V.	-891	1369
United Counties of Stormont, Dundas & Glengarry		
Chesterville V.	-163	509
Finch V.	-746	1709
Lancaster V.	-105	2607
Winchester V.	-99	546

TABLE 3 CONTINUED

Municipality	MOE projects accumulated surplus or deficit per household	MOE provincial outstanding capital obligations per household
County of Victoria		
Fenelon Falls V.	12	1228
Omemee V.	-266	765
County of Wellington		
Fergus T.	14	21
Arthur V.	187	1323
District of Algoma		
Bruce Mines T.	-172	1746
Thessalon T.	-242	1357
District of Cochrane		
Hearst T.	-439	1073
Iroquois Falls T.	-280	588
Smooth Rock Falls T.	-56	367
District of Nipissing		
Mattawa T.	43	617
Sturgeon Falls T.	-142	427
District of Parry Sound		
Burk's Falls V.	-247	1203
Sundridge V.	181	807
District of Rainy River		
Rainy River T.	-205	851
District of Sudbury		
Webbwood T.	-179	937
District of Thunder Bay		
Longlac T.	-366	689

TABLE 3 CONTINUED

Municipality	MOE projects accumulated surplus or deficit per household	MOE provincial outstanding capital obligations per household
District of Timiskaming		
Englehart T.	-69	220
Haileybury T.	-115	295
Latchford T.	-1473	2772

SOURCE: Ontario Municipal Analysis and Retrieval System (MARS), 1983 Financial Information Returns.

TABLE 4

NET LONG TERM LIABILITIES PER HOUSEHOLD FOR MUNICIPALITIES 7,500 OR LESS POPULATION

Municipality	Net Long Term Liabilities Per Household
Regional Municipality of Ottawa-Carleton	
Rockcliffe Park V.	499
Regional Municipality of Sudbury	
Capreol T.	278
County of Brant	
Paris T.	1016
County of Bruce	
Chesley T.	271
Kincardine T.	1208
Port Elgin T.	862
Southampton T.	471
Walkerton T.	600
Wiarton T.	851
Lion's Head V.	412
Lucknow V.	52
Mildmay V	137
Paisley V.	605
Tiverton V.	223
County of Dufferin	
Shelburne T.	931
County of Elgin	
Aylmer T.	391
Belmont V.	76
Dutton V.	88
Port Burwell V.	43
Port Stanley V.	379
Vienna V.	11
West Lorne V.	403
County of Essex	
Belle River T.	758
Essex T.	416
Harrow T.	138

TABLE 4 CONTINUED

Municipality	Net Long Term Liabilities Per Household
County of Essex Cont.	
Kingsville T.	911
Tecumseh T.	961
St. Clair Beach V.	169
County of Grey	
Durham T.	989
Hanover T.	1161
Meaford T.	48
Dundalk V.	264
Markdale V.	1483
County of Hastings	
Deseronto T.	114
Bancroft V.	574
Frankford V.	21
Madoc V.	485
Marmora V.	292
Sterling V.	94
Tweed V.	96
County of Huron	
Clinton T.	473
Exeter T.	1226
Goderich T.	206
Seaforth T.	38
Wingham T.	369
Blyth V.	39
Hensall V.	382
Zurich V.	434
County of Kent	
Blenheim T.	1677
Dresden T.	323
Ridgetown T.	303
Tilbury T.	1252
Wheatley V.	268
County of Lambton	
Forest T.	122
Petrolia T.	595
Arkona V.	64

TABLE 4 CONTINUED

Municipality	Net Long Term Liabilities Per Household
County of Lambton Cont.	
Grand Bend V.	262
Point Edward V.	1586
Thedford V.	134
Watford V.	169
Wyoming V.	108
County of Lanark	
Almonte T.	58
Carleton Place T.	231
Perth T.	51
United Counties of Leed & Grenville	
Gananoque ST.	815
Prescott ST.	99
Kemptville T.	188
Athens V.	386
Cardinal V.	119
Westport V.	21
County of Lennox & Addington	
Napanee T.	1053
Bath V.	659
Newburgh V.	277
County of Middlesex	
Parkhill T.	10
Glencoe V.	1872
Lucan V.	42
Wardsville V.	253
County of Northumberland	
Campbellford T.	142
Brighton T.	859
Colborne V.	364
Hastings V.	608
County of Perth	
St. Marys ST.	83
Listowel T.	518
Mitchell T.	1416
Milverton V.	1495

TABLE 4 CONTINUED

Municipality	Net Long Term Liabilities Per Household
County of Peterborough	
Havelock V.	5
Lakefield V.	1437
Norwood V.	59
Millbrook V.	56
United Counties of Prescott & Russell	
Rockland T.	301
Vankleek Hill T.	575
Casselman V.	96
L'Orignal V.	204
Plantagenet V.	41
County of Prince Edward	
Picton T.	531
Wellington V.	1025
County of Renfrew	
Arnprior T.	704
Deep River T.	357
Barry's Bay V.	22
Chalk River V.	264
Cobden V.	1116
Eganville V.	585
Killaloe Station V.	292
Petawawa V.	125
County of Simcoe	
Alliston T.	66
Brandford T.	157
Pentanguishene T.	729
Stayner T.	42
Wasaga Beach T.	415
Beeton V.	148
Cookstown V.	564
Creemore V.	426
County of Simcoe Cont.	
Elmvale V.	301
Port McNicoll V.	217
Tottenham V.	184
Victoria Harbour V.	547

TABLE 4 CONTINUED

Municipality	Net Long Term Liabilities Per Household
United Counties of Stormont, Dundas & Glengarry	
Alexandria T.	747
Chesterville V.	49
Iroquois V.	607
Maxville V.	68
Morrisburg V.	55
Winchester V.	906
County of Victoria	
Bobcaygeon V.	-36
County of Wellington	
Fergus T.	186
Harriston T.	401
Mount Forest T.	514
Palmerston T.	352
Arthur V.	279
Clifford V.	317
Elora V.	878
Erin V.	38
District of Algoma	
Blind River T.	291
Bruce Mines T.	141
Thessalon T.	80
Hilton Beach V.	17
District of Cochrane	
Cochrane T.	1082
Hearst T.	446
Iroquois Falls T.	503
Smooth Rock Falls T.	111
District of Kenora	
Dryden T.	394
Keewatin T.	163
Sioux Lookout T.	368
District of Manitoulin	
Gore Bay T.	12
Little Current T.	1152

TABLE 4 CONTINUED

Municipality	Net Long Term Liabilities Per Household
District of Nipissing	
Cache Bay T.	689
Mattawa T.	114
Sturgeon Falls T.	595
District of Parry Sound	
Parry Sound T.	880
Powassan T.	315
Burk's Falls V.	279
Magnetawan V.	86
South River V.	370
Sundridge V.	104
District of Rainy River	
Rainy River T.	76
District of Sudbury	
Espanola T.	304
Webbwood T.	38
District of Thunder Bay	
Longlac T.	310
District of Timiskaming	
Englehart T.	209
New Liskeard T.	371
Thornloe V.	33

SOURCE: Ontario Municipal Analysis and Retrieval System (MARS), 1983 Financial Information Returns.

APPENDIX A

AMO SECTION MINORITY REPORTS
as submitted by
County and Regional Section
Small Urban Section (OSUM)
The Rural Section (ROMA)

Inter-Ministerial Management by Results Committee

The Executive Committees of the Small Urban (OSUM) and the Rural (ROMA) Sections endorsed the inclusion of the following recommendation within the Report of the Joint Committee on Sewer and Water Services:

> That an elected municipal representative of AMO be appointed to serve on the inter-ministerial Management by Results Committee (MBR).

Rationale: Municipal applications for assistance under the Minister of the Environment's grant/loan program are reviewed by an inter-ministerial MBR Committee. The Small Urban Section (OSUM) and the Rural Section (ROMA) noted the absence of any municipal presence on the committee. The above Section Executive Committees are of the opinion that the municipal perspective ought to be expressed to members of the MBR Committee and ought to represented in the selection process.

Provincial Debt Relief (recommendation 6)

The Executive Committees of the Small Urban (OSUM) and the Rural (ROMA) Sections endorsed a recommendation calling for the Province of Ontario to "write off" a minimum of 50 percent of the current municipal debt. Therefore, the Sections' proposal on recommendation 6 would read as follows:

> That the Province of Ontario "write off" a minimum of 50 percent of the municipal debt for the Ministry of the Environment operated sewer and water plants under the concept plan, and that any amount which exceeds 50 percent be based on a consideration of the municipality's fiscal capacity.

The Executive Committee of the County and Regional Section recommends the deletion of a specified percentage amount. Therefore, the Section's proposal on recommendation 6 would read as follows:

Provincial Debt Relief Cont'd...

That the Ministry of the Environment "write off" a percentage of the municipal debt for ministry operated sewer and water plants developed under the concept plan, and that the amount of any "write-off" be based on a consideration of the municipality's fiscal capacity to assume the debt, such capacity to be determined in a manner consistent with Ontario Municipal Board procedures.

Rationale: While agreeing with the concept of a Ministry "write-off" of a portion of the municipal debt, it is felt that the amount of relief should be tied to municipal fiscal capacity as determined through OMB procedures. If a municipality can assume full responsibility of the total debt for sewer and water and remain within OMB ceilings, then no relief should be forthcoming. Municipalities which are in most need, i.e. those with debt capacities which cannot absorb sewer and water accumulated operating deficits within OMB guidelines, require provincial assistance and should receive it.

PUBLICATIONS ISSUES IN THE "AMO REPORTS" SERIES

82-1 Adult Residential Facilities
82-2 Response to Bill 159 - An Act to Revise the Planning Act
Appendix to "AMO Reports 82-2": Clause by Clause Review of Bill 159 - An Act to Revise the Planning Act ($4.00)
82-3 Property Taxation of Farms and Managed Forests
82-4 Response to the Provincial Discussion Paper on Wetland Policy
82-5 Provincial-Municipal Grants for Children's Services
82-6 Municipal Lot Levies: An Update
82-7 Rent Review in Ontario
82-8 Report of the Section 86 Working Group
82-9 Report on Amendments to the Police Act
82-10 Bill 115 - An Act to Amend the Retail Sales Tax Act
82-11 Bill 11 - An Act to Provide for the Licensing of Businesses by Municipalities
82-12 Report on Amendments to the Fire Departments Act
82-13 Response to Bill 138 - An Act Respecting the Protection of the Health of the Public
82-14 Response to the Housing Initiatives Contained in the 1982 Ontario Budget
82-15 Foster Care: Proposed Standards and Guidelines for Agencies Placing Children
82-16 Bill C-61 - The Young Offenders Act: Implications for Municipalities
82-17 Report on Procedures with Respect to the Election of the Warden of a County Government
82-18 Canadian Shield Disposal Sites and Nuclear Fuel Waste Management
82-19 Response to Residential Renovation - Proposed Part XI of the Building Code
82-20 Response to Bill 159 - An Act to Revise the Planning Act - as revised by the General Government Committee of the Legislature
82-21 Response to the Draft Guidelines for the Development of Policies on Community Improvement
82-22 Bill 179 - An Act Respecting the Restraint of Compensation in the Public Sector of Ontario and the Monitoring of Inflationary Conditions in the Economy of the Province
83-1 Response of the Association of Municipalities of Ontario to the 1983 Provincial Transfer Payment Announcement
83-2 Affordable Housing - An Overview
83-3 Response to the Ministry of Energy Discussion Paper: Wood Heat Inspection Safety Program for Ontario
83-4 Response to the Discussion Paper on Ontario Carbonated Soft Drink Container Regulations
83-5 Reform and Revision of Conservation Authorities in Ontario
83-6 Response to The Children's Act
83-7 Response to the Provincial Government Discussion Paper Entitled Municipal Cost-Sharing and Unconditional Grants
83-8 Response to the Ontario Public Library System Consultation Paper: A Foundation for the Future
83-9 Response to Blueprint for Change: The Next Ten Years, Interim Report of Dr. G.F. Heseltine
83-10 Response to the Study of Residential Intensification and Rental Housing Conservation, Part 1: Detailed Summary of Findings and Recommendations

83-11 Response to a Ministry of the Environment Discussion Paper: Guidelines for the Regulation and Siting of Mobile PCB Destruction Facilities
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83-13 Municipal Energy Management Programs: Future Policies and Program Directions
83-14 Response to the Housing Initiatives Contained in the 1983 Ontario Budget, as announced, August 4, 1983
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83-17 Response to the "Blueprint for Waste Management"
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